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S E C R E T SECTION 01 OF 02 IRAN RPO DUBAI 000024

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E.O. 12958: DECL: 4/19/2017
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SUBJECT: IRAN OIL OFFICIAL SHOPS AROUND FOR FOREIGN INVESTMENT

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CLASSIFIED BY: Jillian Burns, Director, Iran Regional Presence
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REASON: 1.4 (d)

1.(SBU) Summary: The National Iranian Oil Company seeks investments from international companies to increase recovery capabilities, said Iran's Deputy Oil Minister Gholamhossein Nozari at Dubai's 15th annual Middle East Petroleum and Gas Conference April 15-17. Nozari repeatedly stressed Iran's openness to foreign investment in the oil sector. Chairman and CEO of FACTS Global Energy, USA Fereidun Fesharaki said his company expects to see much smaller gas export volumes coming out of Iran due to domestic needs, pricing, and political factors. Neil Patrick from the International Crisis Group called on Saudi Arabia - in particular - to ease regional tensions by interfacing with former President Rafsanjani and Secretary of the National Security Council Larijani. Rutgers

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University professor Hooshang Amirahmadi said that the stalemate of "no peace but no war" that has defined US-Iran relations for the past 28 years cannot continue. One US service sector company employee complained to IRPOff that American companies continue to "lose out" as they stand back and watch their European competitors do business in Iran. End Summary.

2.(SBU) Singapore-based Conference Connection Group organized the 15th annual Middle East Petroleum and Gas Conference (MPGC) in Dubai April 15-17. The two-day event focused primarily on pricing, risk management, downstream projects and upstream outlooks, with Iran only a small component of the conference. (Note: This cable focuses solely on the Iran-related content of the conference. Most conference presentations are available upon request. Endnote) Iran Deputy Petroleum Minister Gholamhossein Nozari gave one of two ministerial addresses, joined by UAE Minister of Energy Mohamed bin Dhaen Al Hamli. Neil Patrick from the International Crisis Group and Hooshang Amirahmadi, Rutgers University professor and president of the American Iranian Council discussed the geopolitical and economic impact of the Iranian government on the region. One conference participant estimated that roughly 450 participants gathered in Dubai for the event but said the real players did not attend the plenary sessions because they were busy holding meetings off-site.

Iran: open for business

3.(SBU) Gholamhossein Nozari -- who is both the Deputy Oil Minister and the Managing Director of the National Iranian Oil Company (NIOC) -- addressed participants at the MPGC for roughly 15 minutes, covering the current and future development of Iran's oil and gas fields. Nozari's speech had no political content and consisted of a general overview of Iran's energy sector; there was no question and answer session after his speech. At least five times he stressed that Iran is open to foreign investment in the energy sector and that the NIOC is looking forward to cooperating with international companies to develop Iran's oil reserves (44% of its hydrocarbons) and its gas reserves (56%). The NIOC would like international support to increase its recovery capabilities, said Nozari, particularly in the Azadegan, Yadavaran, and Kish fields. Nozari said crude oil made up 92% of Iran's hydrocarbon production in 2005, but expected this number to decrease to 76% of production by 2015. Nozari predicted only a minimal increase in Iran's oil production through 2015, but a four-fold increase in gas production.

Future gas projections

14. (U) In the portion of his presentation that covered Iran, Fereidun Fesharaki, CEO and Chairman of FACTS Global Energy, USA predicted reduced natural gas exports from Iran in the future. FACTS forecasts that Iran has a lifetime liquefied natural gas export ceiling of 20-30 million tons and "small" volumes of natural gas exports due to:

- large domestic grid at prices of 1 cent/cubic meter;
- massive domestic gas injection requirements of some 10 billion cubic feet/day;
- massive domestic gas-based petroleum projects;
- compressed natural gas projects will provide a major volume of domestic gasoline supplies as early as the end of this decade;
- and major political opposition to gas exports.

Geopolitical perspective

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5.(U) Neil Patrick from the International Crisis Group called on Gulf states to join together and collectively raise the "Arab" flag and communicate red lines in their dealings with Iran regarding Iraq, Palestine-Israel, and Iranian-Syrian relations. Patrick called on Arab states - led by Saudi Arabia - to be more vocal in determining regional policies. Patrick recommended to Arab states to maintain dialogue with more "moderate" Iranian leaders, such as former President Rafsanjani and Secretary of the National Security Council Larijani, to advance Arab interests without provoking Iran.

6.(U) Iranian American Council USA President and Rutgers University professor Hooshang Amirahmadi said the "no peace, but yet no war" mentality that has dominated US-Iran relations for the past 28 years cannot continue. Hooshang gave a very impassioned presentation on Iran's "mismanaged" foreign policy and Iran's historical lack of trust vis-à-vis the West which he said has culminated in the current "spiraling conflict with the US." Answering questions from participants, Hooshang asserted that USG intentions include regime change.

7.(S) Comment: Because there were no questions after Nozari's speech, it was difficult to gauge audience reaction to his calls for foreign investment. While US company officials openly engaged with IRPoff on the subject of Iran during conference breaks, non-US company officials shied away once they learned IRPoff was a US diplomat. American comments were mostly complaints that their European competitors continue to turn a profit in Iran, while they are forced to stand on the sidelines. One employee from India's Reliance Energy quickly headed for the door after he confided in another conference participant - in front of IRPoff - that Reliance's business with Iran is still strong but has tapered off somewhat in recent months. End

comment.
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